

State finds funds to avoid big cuts in CHIP program

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HELENA -- The state program that provides health insurance for nearly 11,000 low-income kids should be able to avoid serious cutbacks in the next 12 months, thanks to \$500,000 in state funds scraped together by public health officials. Chuck Hunter, head of the state Child and Adult Health Resources Division, said last week the money for the Children's Health Insurance Program (CHIP) will come from funds left over in other public health accounts at the end of the fiscal year.

The \$500,000 in state money, which may be supplemented by some additional private funds, will garner another \$2 million or so in matching funds from the federal government for CHIP through mid-2005.

The federal government provides four dollars for every dollar the state spends on CHIP. The total budget for CHIP for fiscal 2005 will be about \$16 million, of which one-fifth is state money.

"Our whole game plan was to keep enrollment at the current level, rather than have a big drop," Hunter said.

The program insures 10,900 kids from families whose income is below 150 percent of the federal poverty level. About 350 kids were on the waiting list last week to get on the program, which adds kids every month when other kids leave, either because they're too old or they've moved out of state.

Advocates for the program said they're happy it will be maintained at or near current levels.

However, they still believe it could serve more kids and avoid future cutbacks if the state would consider changes in management of the 5-year-old insurance program.

"This is so important right now with children getting cut off the program," said Mary Caferro, an advocate for the low-income group Working for Equality and Economic Liberation. "It's important that we look at every dollar spent."

Caferro and others say the state should consider insuring the program itself, rather than contracting it to Blue Cross/Blue Shield of Montana, the state's largest private health insurer.

Hunter said while the state may negotiate some changes in the contract with Blue Cross this year, it won't be taking over the program.

The Legislature directed the state to buy private health insurance to act as the CHIP program, he said -- and the Legislature probably would have to approve any change in that regard.

The state will soon be negotiating Blue Cross' CHIP contract for the next year. The current contract expires Sept. 30.

Hunter said the state probably will ask Blue Cross to return part of any CHIP "reserve" funds to the state, at the end of the next contract year. Right now,

those reserves -- money left over after health-care claims and administrative costs are paid -- stay with Blue Cross.

Blue Cross has kept \$2.5 million in CHIP reserves through the first five years of CHIP.

Tanya Ask, Blue Cross' vice president for government relations, said the company will consider the state request on returning part of the reserves next year.

CHIP, created by Congress in 1999, is meant to provide health insurance to kids of "working poor" families who can't afford health insurance and who don't qualify for other assistance programs, such as Medicaid.

The federal government funds 81 percent of CHIP, but each state sets up its own program, depending on how much local "match" it can provide.

Congress allocates a maximum amount of federal CHIP money for every state.

Montana often hasn't spent its full allocation, because the Legislature hasn't appropriated the maximum match of state funds.

Last fall, the state increased the CHIP budget when Gov. Judy Martz approved an additional \$609,000 in state funds for fiscal 2004.

The \$609,000 and its federal match increased CHIP's total budget by \$3 million for fiscal 2004, allowing the state to clear its waiting list for kids wanting to be insured by CHIP.

However, it also created a potential shortfall in fiscal 2005, because the \$609,000 was a one-time infusion of money. Fiscal 2005 begins July 1.

Hunter said state health officials decided to use leftover funds from other public health accounts in fiscal 2004 to help maintain the current CHIP budget for fiscal 2005.

This money -- the \$500,000 -- will help the state avoid drastic cutbacks in CHIP the next 12 months and keep the program fairly steady, he said.

Without it, as many as 2,000 kids would have been kicked off the program within the next year, Hunter said.

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